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SUBJECT: MEDIA REACTION: WESTERN HEMISPHERE: BRAZILIAN FOREIGN POLICY: BANK OF SOUTH, COMPULSORY LICENSING OF AIDS TREATMENT DRUG; EUROPE: FRANCE PRESIDENTIAL ELECTION; SAO PAULO

**¶1. "What Kind Of Leadership Is This?"**

The lead editorial in center-right national circulation daily O Estado de S. Paulo (5/5) maintained: "The GOB continues to support the creation of the Bank of the South, a financial adventure with a deadline to begin.... The idea is to constitute a development bank and a stabilization fund - the latter aimed at performing the role of a pet, and probably irresponsible, IMF. The GOB has insisted on participating in the project. The demand would be simply redundant if it did not a show a siege imposed on Brazilian officials by the most active supporters of the proposal - Presidents Nestor Kirchner, of Argentina, Hugo Chvez, of Venezuela, and Rafael Correa, of Ecuador.... Without access to international banks after the Argentine public debt default, Kirchner has more than obvious reasons to join Chvez in his search for alternative sources of credit.... The idea of a common currency for Mercosul involves the creation of a central bank for the bloc or, more ambitiously, for the region.... But this long term goal does not necessarily involve the creation of a regional development bank or the installation of a stabilization bank to serve as a generous alternative to the IMF.... Either the GOB is being pushed into the adventure because it is unable to resist pressures from Chvez, Kirchner and Correa, or President Lula's diplomatic advisors like the idea and convinced him to adopt it as essential to his supposed regional leadership. The GOB is wrong in both hypotheses."

**¶2. "Broken Patent"**

Liberal, largest national circulation daily Folha de S. Paulo editorialized (5/5): "There is no doubt that public health must prevail over commercial interests. Therefore, the GOB's decision to determine the compulsory licensing of Merck Sharp & Dohme AIDS treatment drug Efavirenz is right. The GOB opted for the compulsory licensing - technical name of patent break - because it considered the price reduction offered by the pharmaceutical company insufficient.... Brazil had already threatened to break patents of anti-AIDS drugs in 2001 and 2003. As it never adopted such a measure, the pharmaceutical sector became increasingly reticent in lowering its prices. The compulsory licensing is supported by Brazilian legislation in the case of sanitary emergency or public interest. That provision is supported by international agreements such as the TRIPPS, which regulates intellectual property rights. Even the US, the nation that most complains about compulsory licensing, recently thought about breaking the patent of Bayer-made ciprofloxacin antibiotic, fearing terrorist attacks with anthrax. But the fact that Brazil has the right and some good reasons to do that does not automatically mean that this will be a no-cost

decision. In the short run, we may suffer legitimate retaliations from pharmaceutical companies."

#### 13. "The Difficult Decision Of Breaking Drug Patents"

Business-oriented Valor Econmico (5/7) remarked: "The GOB's decision to break the patent of Merck Sharp & Dohme AIDS treatment drug Efavirenz was made following six months of negotiations that failed to reach an understanding, and within the limits of international rules regarding IPR in accordance with the WTO norms.... The Brazilian AIDS treatment program has become a victim of its own success. The number of infected people benefited by the treatment continues to grow.... As a threat, the strategy of compulsory licensing of drugs had already forced price reductions. In practice, it has the potential of generating undesirable trade conflicts. However, international consensus that national governments must have some room of maneuver to carry out public health policies is increasing.... The pharmaceutical reasoning is not less relevant: compulsory licensing measures make investments in drug research and production unattractive."

#### 14. "Without Chirac, The Farewell To The Gaullist Style"

Center-right O Estado de S. Paulo's Paris correspondent Giles Lapouge wrote (5/6): "French politics will be freed from the Gaullist style. Most foreigners are pleased, especially the US.... Chirac's anti-Americanism is real, but it is not explained by the Cold War. It descends directly from De Gaulle, whose visceral anti-Americanism was born during WW II.... Roosevelt detested him and wanted to make France a secondary nation under tutelage after the liberation. [But] it was mainly in the war in Iraq that Chirac's hostility with the US emerged.... The US has placed its hopes on Sarkozy.... He will certainly not align with Bush in Iraq, but is expected to adhere more to US diplomacy in the world, particularly in the Middle East. Sarkozy opposes military action against Iran, but he wants tougher sanctions against Tehran and Sudan (because of

Darfur), rejects the suspension of the arms embargo against China and wants the US anti-missile shield to be debated with the Europeans."

McMullen